

BOSNIA AND HERZEGOVINA (BiH)

Capital: Sarajevo

GDP per capita (PPP): \$1,700 (2000 est.)

Population: 3,922,205 (July 2001 est.)

Foreign Direct Investment: \$117,000,000

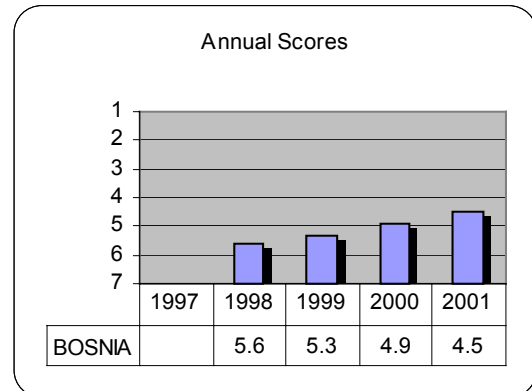
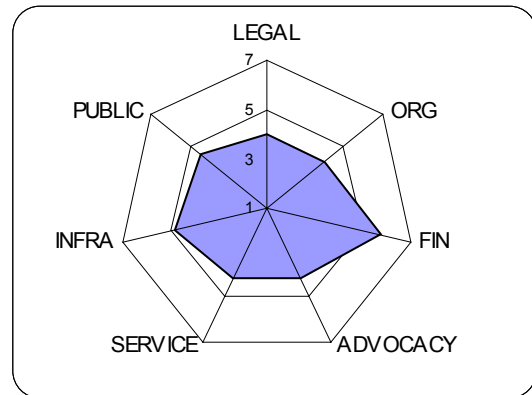
Inflation: 8% (2000 est.)

Unemployment: 35%-40% (1999 est.)

OVERALL RATING: 4.5

Bosnia and Herzegovina (BiH) is making progress, albeit at times frustratingly slow, in the dual transition towards lasting peace and democratic governance. With a fractured public sector of limited capacity, NGOs have helped facilitate this transition by serving as service providers and encouraging public discourse.

The NGO sector's development is still very much influenced by the broader consequences of the war, including its impact on Bosnia's political, economic and social fabric; the country's division into two Entities; and intensive international involvement. Due in part to the economic situation, the establishment of many early post-war NGOs was motivated more by a need for employment than a commitment to a particular mission. Recently however, mission-oriented NGOs committed to a broad range of activities including human rights and media monitoring, legal advisory services, civic education, conflict resolution and micro-credit extension have emerged.



As the level of donor support continues to decrease on an annual basis, many organizations are having difficulties with organizational and financial sustainability. While more than 1,300 NGOs have been registered in BiH (N.B.: not included in this figure are the many NGOs registered with Federation Cantonal courts and Republika Srpska Regional courts), only an estimated 300 to 500 are active and able to provide adequate services for their beneficiaries or membership. Donor funding is now being targeted towards concrete, results-oriented programs, or for organizational strengthening activities. While in the past, the presence of donors has contributed to what observers have described as an "ownership gap", now donors are encouraging NGOs to identify problems and suggest concrete solutions.

The organizational capacity of Bosnian NGOs varies widely. A small number of highly capable and professional indigenous NGOs have emerged from the close mentorship and sponsorship of a few international organizations. These NGOs will comprise an elite core of organizations with sound internal structures, relatively transparent operations,

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and the professional capacity to undertake local initiatives and sustain their operations.

BiH's NGO sector is still lacking effective resource centers and strong intermediate support organizations that would serve as effective channels for advocacy work and policy reform. Networks and coalitions that came together at the urging of expatriates or in response to the existence of international funding suffer from a weaker sense of mission and commitment than those which formed independently in response to community needs.

LEGAL ENVIRONMENT: 4.0

Due to the unique structure of the Bosnian state, NGOs operate under a confusing and potentially restrictive array of laws that effectively prevent statewide NGO registration or operations. As a result, multi-ethnic NGOs wanting to maintain appearances of ethnic neutrality have had to face difficult choices when deciding where to register.

Throughout 2001, international donors and local partners continued with extensive efforts to develop an enabling legal framework within which NGOs may operate in BiH. The adoption of entity and state-level NGO laws are among the requirements for BiH's eventual accession to the Council of Europe, and a critical step in promoting an active and viable civil society in which NGOs can register and operate freely throughout the country.

In September 2001 the National Assembly of the Republic of Srpska (RSNA) finally passed the Law on Associations and Foundations, which was drafted by a group of local NGO representatives and government officials, with support of international legal experts from ICNL and OHR.

Simultaneously, the respective parliamentary bodies are reviewing the draft laws on the Federation and State levels.

The Draft for the Federation has been approved by the House of Peoples and is scheduled to be reviewed by the House of Representatives during the current parliamentary session. Both the RS law and the Federation draft include articles allowing for full reciprocity between entities. The two Houses of the BiH Parliament approved the draft of the State-level law, but in different versions, which must be harmonized to be enacted.

The passage of these three laws will be the first step in creating an enabling legal environment for NGOs in BiH. For the first time NGOs that are registered in the RS will be allowed to freely operate in the Federation without further administrative requirements. This law and the two drafts are the result of long lobbying efforts by the Bosnian NGO themselves, and represent genuine Bosnian ownership of the process.

Once framework legislation is passed, taxation will become the priority issue. Present laws allow some donations to NGOs to be tax deductible, but the rules governing this vary by entity. In addition, there are fairly restrictive limits on how much a donor can contribute and receive the deduction. Grants to NGOs are exempt from taxes.

ORGANIZATIONAL CAPACITY: 4.0

In the last year, NGOs have become more aware of the importance of increasing their organizational capacity in order to be recognized as respectable organizations. They are increasingly asking for training in professional staff education, strategic planning, internal restructuring, etc. Organizations seeking this additional assistance generally also seek funding outside of international donors, and participate in issue-based coalitions with other local or regional NGOs.

There are still many organizations that allow donor funding to drive their activities, but it is becoming increasingly difficult for such organizations to diversify their funding sources without a core mission and constituency. These organizations still do not have clearly defined management structure, but are starting to recognize this as a problem

that they need to resolve.

Although the Federation has more registered NGOs than RS, it seems that the NGOs in the Federation have better developed organizational capacity. However, there are several very strong, regionally recognized NGOs in the RS, as well. The present trend in BiH is “quality over quantity”, and many expect some degree of consolidation in the absolute numbers of NGOs as foreign assistance levels decline.

NGOs are increasingly using volunteers and the Center for Civic Initiatives conducted sessions in 70 municipalities with over 100 NGOs on how to support volunteerism. An increasing number of NGOs also have access to modern office equipment and are developing an increased presence on the Internet.

FINANCIAL VIABILITY: 5.7

The wartime devastation of BiH's economy, a limited pre-war tradition of philanthropy, and the lack of framework NGO and taxation legislation severely constrain the sector's financial sustainability. As a result, NGOs continue to rely largely on foreign funding. Fluid donor priorities contribute to confusion and financial uncertainty among NGOs.

Many NGOs, particularly those in isolated rural areas, lack skills in financial planning, accounting and financial management. Other NGOs that have received significant donor funds in the past have also received financial training, and are less in need of such basic skills. Some NGOs are able to identify alternative financing methods such as membership fees, fees-for-services, in-

kind contributions or government funding to compensate for existing constraints.

While few local governments understand or use NGOs for delivering public services, a positive trend has been observed as some municipal governments begin to utilize NGOs for public service provision, primarily in the fields of social work, youth, and education activities. For example, the Center Sarajevo and Tuzla Municipalities have realized that NGOs can serve as an efficient and cost-effective method of delivering both mandated and non-mandated services. In the case of Center Sarajevo, a sizeable percentage of the discretionary budget has been devoted to such work carried out by NGOs. USAID is now working closely with 14 municipalities in

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Central Bosnia to encourage increased utilization of local NGO resources to ad-

dress local problems.

ADVOCACY: 4.2

This past year the NGO sector demonstrated increased interest in advocacy activities, as more local NGOs became involved directly in legal reform efforts and advocacy efforts at the municipal level. At the same time, all levels of government are demonstrating willingness for closer cooperation with NGOs. However, most NGOs remain cautious about getting involved in issues that can be seen as even remotely political. Many NGOs still adopt a very passive attitude towards the external environment and are thus ill-positioned to be advocates and catalysts for change.

Nearly all advocacy campaigns are initiated or partially led by international organizations. Nearly all coalitions have been created at the initiative of foreign donors. Some of these coalitions, such

as the Regional NGO Fora and the NGO Council, are doing good work. For example, the NGO Council played a role in pressuring MPs and government to push for NGO legal reform and to pass NGO laws as soon as possible. However, these coalitions still need to improve their effectiveness and coordination. Donor assistance is providing critical training and technical assistance in advocacy and organizational structure to both the individual NGOs and the coalitions.

In some more advanced municipalities, such as Center Sarajevo Municipality, NGOs have the opportunity to advocate for changes through a specially designated municipal official for cooperation with NGOs.

SERVICE PROVISION: 4.2

Service provision by NGOs in Bosnia is underdeveloped and not sufficiently specialized or professional. The most specialized NGOs are those that provide legal assistance and legal protection. Bosnian NGOs also provide services in education, health care, economics and business development, and social and environmental protection. The provision of such services still remains concentrated on the larger cities, with lesser coverage in rural areas. However, after the general elections held in November 2000, the government has become more open to the idea of cooperation

with local organizations on service provision. Some governments have even hired dedicated staff to coordinate with local NGOs. While progress has been made in this regard, further developments are needed to get municipal and cantonal governments to systematically accept this notion. In part, this process has been slow because of the difficulties faced by all levels of government in revenue collection. Only more advanced local governments have budgetary resources designated to fund service provision by and coordination with NGOs.

INFRASTRUCTURE: 4.8

The lack of intermediary support organizations (ISOs) and NGO resource centers in BiH remains a significant problem. Although there have been numerous attempts to create effective NGO resource centers and ISOs, nearly all initiatives have come from the international community and bypassed indigenous NGOs. Furthermore, these organizations are unable to survive without further international support. There are some examples of effective coalition-building and networking among NGOs.

For example, during the pre-election period last year, the Centers for Civic Initiatives organized a coalition of 300 organizations to conduct domestic monitoring of the elections.

A positive improvement is that Entity borders present less of a problem than they did in the past. An NGO from one Entity can now cooperate freely with an NGO from another Entity on common programs, with the exception of political reintegration.

PUBLIC IMAGE: 4.5

Positive changes noted in the last year include the fact that local media have started to pay more attention to the work of local NGOs, and that human rights NGOs are less associated with the activities of political parties. This progress is the result of the general change in the political scene after the last general elections in BiH. New local and central government officials have a generally positive perception of NGOs, but they still do not rely sufficiently on NGOs as a community resource, or as a source of expertise and credible information.

There are still a number of issues that remain to be addressed and devel-

oped. Local NGOs still lack proper skills in marketing and media relations, including an understanding of what types of activities would attract media attention. More training is needed for NGOs on how to publicize their activities or promote their public image. Many NGOs, however, have established cooperation with journalists and media outlets. For example, the Centers for Civic Initiative even included young journalists into their work directly. These journalist students are preparing a newsletter entitled "Initiative" which includes articles about different NGO issues and activities.